

**Abstract**

A computer based system for collecting royalties from content distribution on a peer-to-peer network is disclosed, comprising a content distribution server, transaction server and client computers operatively connected to a network. In an exemplary embodiment, a plurality of data files is preloaded onto the distribution server from a content publisher. By way of example and not limitation, a purchase request is submitted by clients prior to the release of the content. On the initial distribution of content to the public a single client is chosen from the group of clients that have submitted a purchase request. A distribution drawing is conducted by the transaction server to select a single client to download a single copy (the seed replica) from the distribution server. After the client is chosen the download is initiated, the transaction server records the transaction and the clients account is debited. The process is then repeated but in this stage the client replaces the distribution server and becomes the new distribution point. As the content is distributed multiple purchasing clients are now directed to the growing number of distributing clients till all content purchase requests are fulfilled. When content is transferred a points system is implemented by the transaction server. The transaction server issues a point to the purchasing client as well as a point to the distribution client for every transaction. As points accumulate clients can trade points in for cash, exchange points with other users or accumulate points. When a client accumulates points they have a greater chance of winning distribution lotteries since these points are taken into consideration by the transaction server when the distribution lotteries are conducted.